

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
DELAWARE-MARYLAND DISTRICT
31 Hopkins Plaza
Baltimore, MD 21201

DEPARTMENT OF THE TREASURY

Person to Contact: [REDACTED]

Contact Telephone Number: [REDACTED]

Reply to: [REDACTED]

Date: [REDACTED]

CERTIFIED MAIL:

Dear Madam:

We have completed our review of the application for recognition of exemption from federal income tax under section 501(c)(6) of the Internal Revenue Code which you filed and have determined that you do not qualify for exemption under that section. Our reasons for this conclusion and the facts on which it is based are explained below.

The evidence submitted indicates that you were incorporated [REDACTED]

The purposes of your organization, as described in your Articles of Incorporation are "to provide a worldwide network of established [REDACTED]. The goals of your organization are described as follows:

1. To expand an international referral network.
2. To provide convenient, high quality personalized service to our clients.
3. To promote the professional development of all Members.
4. To develop complementary services.
5. To increase the acceptance of the benefits of [REDACTED]
6. To advance the acceptance of [REDACTED] members as [REDACTED]

Membership in your organization requires that an applicant must have three years experience working in the [REDACTED] prior to making application for membership. Once accepted, the applicant is classified as a provisional member for a one year period and is entitled to all privileges except the right to vote. At the end of the provisional period, the member will be admitted to full status upon vote of the membership.

The activities of your organization consist of holding an annual meeting which provides an opportunity for [redacted] members to meet and exchange and gather information about [redacted] 1. You also produce and distribute a directory which lists the names and addresses of your membership and summaries of services provided by each member company.

Income to your organization comes from dues and membership fees. Expenses are shown for salaries and various related office expenses.

Section 501(c)(6) of the Internal Revenue Code provides for the exemption from federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest. The activities of the association must be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individuals.

Revenue Ruling 76-409, published in Cumulative Bulletin 1976-2, at 154, discusses a nonprofit organization engaged in the business of furnishing financial advice to its members. The organization also publishes an annual directory consisting member's names, addresses, telephone numbers and is distributed free to members of the business community. This revenue ruling states that the directory constitutes advertising for the listed individuals and is, therefore, the performance of particular services for members which is prohibited under section 501(c)(6).

In reviewing the information submitted, it appears that although you conduct an annual meeting and exchange information throughout the year, a major part of your activities is the distribution of [redacted] to various businesses and individuals. By operating in this manner, your activities are like those of the organization described in Revenue Ruling 76-409 where the distribution of directories was held to be performance of particular services to members which precludes exemption under section 501(c)(6).

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Based on the information submitted, we have concluded that you do not qualify for exemption under section 501(c)(6). In accordance with this determination, you are required to file federal income tax returns on Form 1120.

If you do not agree with our determination, you may request consideration of this matter by the Office of Regional Director of Appeals. To do this, you should file your appeal as explained in the enclosed Publication 892.

Your appeal should give the facts, law, and any other information to support your position. If you want a hearing, please request it when you file your appeal and you will be contacted to arrange a date. The hearing may be held at the regional office, or, if you request, any mutually convenient district office. If you will be represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax information authorization with us.

If you don't appeal this determination within 30 days from the date of this letter, as explained in Publication 892, this letter will become our final determination on this matter.

Appeals submitted which do not contain all the documentation required by Publication 892 will be returned for completion.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Paul M. Harrington
District Director

Enclosure: Publication 892